

April 11, 2005

Mayor's State of the City Report

Tonight we begin work on the last budget this panel will construct together. It is hard to believe we are in the fourth quarter of our term. Our tenure is measured not by the days and weeks, but with what we've produced for the people of Annapolis since we began in 2001.

Throughout my campaign for Mayor, when talking with people who lived and worked in Annapolis, I listened to concerns for our city and hopes for its future. Based on issues our citizens identified, our very non-traditional transition teams were formed. They examined each concern, looking for solutions to problems, and opportunities for improvement over the next four years.

Many of these "transitionnaires" have continued working on projects, and serving on commissions to pursue the ideals they identified. As a result, many accomplishments in the past four years have been driven by the energy, professional expertise, and commitment of volunteers who love this city.

Earlier this evening, many of the people involved in efforts to clean our creeks and protect our watershed came to City Hall to share their experiences. Looking at each of these projects and seeing the results of their labor is both inspiring and humbling. I am honored so many have given so much to improve the environment during this administration.

In establishing our 2006 budget, I only have to look back to what we identified as our three biggest priorities. The places where we focused the most effort and took the greatest strides are also where we face the strongest challenges and need for resources.

Public Safety has been, and continues to be, the number one priority. I am proud of what we have achieved. The improvement is tangible, documented in statistics showing a steady decrease in violent crime, the lowest in ten years.

During this administration, we have increased the police budget by six million dollars for updated equipment, training, and manpower to augment our efforts. The crisis of losing sworn officers to other jurisdictions was addressed early in my administration, and as a result we now have a full force of officers. In 2001, there were only three new hires; since then, forty police officers have joined the force.

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Additional officers work the streets, and community policing is a regular part of our safety program. Safety does not happen in a void. "Public" is very much a part of the process. The expansion and engagement of the businesses and residents through Neighborhood Watch, the collaborative processes, and citizen based initiatives such as the Clay Street Public Safety team organized by volunteers, have engaged our community.

Our force is recognized for its professionalism, as shown by the accreditation it received. A new station, to be completed within a year, will furnish state of the art technology and equipment.

Our continuing challenge this year is in the Fire Department, with emergency response. Two years ago I submitted a budget that included funds to create a paramedic unit on the Annapolis Neck. The council deleted it.

Last year, internationally recognized security specialist Howard Safir, who served as both police and fire commissioner under Mayor Giuliani in New York, conducted a management audit of our fire department.

While impressed with the professionalism and high level of service in our department, he made some recommendations that I include in this budget.

First, the fourth paramedic unit, for the Annapolis Neck. We cannot say, as some have, "It's the County's responsibility." These are our citizens, and they are entitled to receive the same level of emergency services.

Some personnel and management restructuring contained in the Safir report are already being implemented. However, this budget will reflect the additional deputy, firefighters, and paramedics recommended.

For the third straight year, the City of Annapolis has received generous grants from the state for capital improvements in public safety. In addition to the \$2 million for our new police station in 2004, and \$250,000 for the design of our emergency response center in Eastport in 2005, we learned we will get \$500,000 from the state this year to be matched with \$500,000 from the federal government and \$500,000 in this capital budget for much needed repairs to our City Dock.

This project, to replace the failing bulkhead, repair the public access, and upgrade the electrical system, is the first part of the harbor restoration that will be followed by dredging of our channels. This is also included in the capital budget.

Both projects are key to fortifying our "eyes on the harbor" that protect the Capital City. We will also be applying Homeland Security grant money to this project. This is one component of the \$5 million in grants for domestic preparedness we have received in this term.

There are other public safety concerns most people take for granted, but your municipal government, the service provider, can't.

Our urban community must provide safe pedestrian thoroughfares. Annapolis was designed as a walking town. However, our sidewalks and our alleys need help.

Early in the administration I appointed a sidewalk task force to examine our various stretches of concrete and

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brick. Their findings were incorporated into assignments for Team Ped, who prioritized and priced a comprehensive sidewalk plan.

The 2006 Budget will include money for sidewalk and alley rehabilitation.

While I wish we were still a town for pedestrians and horses, the reality is we also need safe streets and roads. Mother Nature has not been kind these past few winters.

This budget includes an ambitious program for street repair, which may be trimmed if the state withholds Highway User funds.

This budget also contains money to start the process for burying utilities on Fleet and Cornhill Streets. While we are hoping for eventual state funding to help with this expensive project, we cannot wait to address what has been a longstanding safety concern. Those narrow angled streets were not designed for both overhead wires and emergency vehicles.

The second priority that has guided this administration is **economic development**. We have strived to keep a strong, stable economy and attract new businesses that support our tax base.

That we have been enormously successful is reflected in the AA+ bond rating. That is more than a gold star to stick on the refrigerator. Our bond rating manifests itself in hundreds of thousands of dollars in interest savings in loans for capital projects. A high rating like this is a tribute to our prudent fiscal policies, flexibility in revenue and the strength of our industries of government, hospitality, and maritime.

The fact we invested so much in revitalizing our own infrastructure made it possible to attract an exponential amount in private sector dollars. On West Street alone, a City investment of \$25 million has attracted \$150 million plus in commercial development.

Economic Development has been more than bricks and mortar, asphalt and pipes. We've looked to our illustrious past as a vibrant part of our future. Historic preservation, heritage tax credits, seminars and programs about revitalizing our downtown for residents and businesses are already paying off. We have both a pharmacy and a bookstore downtown again. Very soon, we will have a grocery in that Market House that has served this City for hundreds of years.

Our financial picture is very strong. But as we pat ourselves on the back, we must be cognizant of a storm cloud on the horizon that could create economic havoc for Annapolis. The "Edge City" of Parole, if not taken seriously, could suck the life out of downtown Annapolis just as surely as it did forty years ago.

How do we prepare for the impact? We meet the challenge head on, and in the process make ourselves even better.

People were complaining about traffic and parking before I arrived. It is a conundrum that will only be

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successfully addressed when people who live here talk with those who work and own businesses here, and determine a policy that we, your government, can help implement.

I'd like to recognize Chuck Weikel, a graduate of the Naval Academy who lives on Green Street, who started this process by talking with people around his neighborhood about parking access. This evolved into a committee whose recommendations became part of an eight point parking plan we are in the process of implementing. Some of the initiatives will be contained in this budget. Some are being evaluated as pilots to see if they work. As Chuck's committee, which has become a part of our transportation committee, continues to ask questions and examine how other cities balance their needs, we will see more recommendations. This is how it has to work - with participation and buy-in from the people most affected.

There is money in this budget to develop gateways on outer West Street. This is an important part of maintaining our attractiveness as a special destination, easily accessible and important to visit. Establishing outer West Street and Parole as a priority place will help keep our economy flourishing.

Our third priority evolved as the focus of several transition teams. It is the hardest to quantify, yet one which distinguishes a multi-unit residential complex from a hometown. It is the essence of the "**caring community**" Annapolis is.

We looked at services available to senior citizens, opportunities for disadvantaged, housing for our workforce, and strategies for addressing violence and criminal behavior. Through the creation of an office of Community Services, we were able to organize a grants program for organizations within our community who performed these functions. This system established criteria and accountability for determining grant amounts.

We created an office of minority business development, to recruit woman and minority owned businesses to town, help them identify procurement opportunities, and train them in business practices with coaches and mentors.

The "Annapolis Cares" resource center was developed to serve individuals and businesses who need direction for health and prescription insurance.

The "Annapolis Foundation" was organized to raise money for different kinds of community based services, and our "Hearts and Souls" charity campaign conducted with our elementary schools has contributed approximately \$5,000 to the homeless, tsunami victims, and Afghanistan children.

Affordable housing legislation was enacted, making it possible for people in our workforce to own homes here,

Perhaps the most visible change in the government closest to the people is it now looks more like the community it serves. Leading by example, in the past three years we have placed more women and minorities in policy making roles than ever before. We have two women in non-traditional roles heading the Department of Public Works. The Fire Department now has a woman officer in its ranks, and there are numerous other minorities in management positions throughout.

I'm most proud that this doesn't seem particularly unusual. After all, this Council has a female majority and one third of its members are minorities. We, who have benefitted so much from opportunities unavailable to our

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race or gender just a short while ago, are in a position to create different opportunities for some in our city who have not had clear direction.

One of our transition teams identified skill building programs to develop work habits and training as a means to redirect our youth who have fallen by the wayside. The Reverend Johnny Calhoun of Mt. Olive has been particularly committed to establishing a program in the soon to be built community center. We looked for ways to partner with other programs, schools and construction projects but never found the right combination.

After an extended conversation with the director of the Living Classrooms in Baltimore, I learned how they could tailor their very successful formula for the City of Annapolis. They can teach skills for which there is a real demand, in the place they are needed.

I am including money in this budget for a pilot program with the Living Classrooms to work with some willing youngsters looking for specialized training in building wooden windows, and environmental landscaping.

If you wonder why these vocations are pertinent, look at such landmark structures as our recreation center and the board of education building on Green Street. We have the opportunity to train artisans in techniques needed for historic restoration that we require. In our fragile watershed, where proper drainage and absorbing runoff are key to protecting our waterways, environmental landscaping is crucial. Again, the lessons can be applied to city resources. We plan to offer this training on site at Back Creek Nature Park, where it will benefit the restoration efforts.

Like any of our grant programs, this is part of a partnership. The hallmark of our caring community is helping people help themselves, partnering with others who have the same commitment.

This is becoming more of a challenge, as governments who have performed social services to a far greater extent are now cutting programs.

As long as we are checking the scoreboard here in the fourth quarter, I'd like to focus on those "quality of life" issues that are frequently hard to define, but are such important amenities in the place we call home.

Before this meeting tonight, we had a celebration with many of the volunteers who have contributed to efforts restoring our creeks and watershed. We have revitalization projects on all four creeks, involving school children to retired admirals in the efforts.

We've made a significant contribution to the air we breathe and the trees protecting us with our Clean Air program, now taught in every elementary school in Anne Arundel County, and a model for other communities.

Our parks, open spaces, and recreational facilities have grown. Plans for the new recreation center, stalled for many years, are now underway after significant input from the community on what it will offer.

Meanwhile, facilities at Truxtun have been upgraded, and new trails have been dedicated, including the tremendously popular fitness track at the stadium. There are new camps, classes and sports leagues with activities for every age. Smaller parks, like Amos Garrett, Newman Street, and Northwest Street, have been renovated with

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the help of partnerships and volunteers. Back Creek Nature Park is well on its way to becoming a crown jewel in our system. And what was a derelict building along the Spa Creek trail is now the Chesapeake Children's Museum with its grounds an interactive sculpture garden in a wetlands park.

There are very few programs, activities or initiatives of this administration that did not involve volunteers. They've provided the workforce, located grants, found partners, and in some cases initiated ideas.

Some serve on our boards and commissions, creating policy for the city. Others have matched our resources with their energy to make our neighborhoods better places to live. This administration has been blessed, since those first Transitionnaires who guided the agenda, with talent and energy that money couldn't buy, but was freely given to a grateful community.

On this list of achievements and activities we've accomplished over the past three years, you will see almost everyone had community involvement.

THE BUDGET submitted tonight can best be described as minimalist. I know that's an art form, but so is number crunching. Tim subscribes to the philosophy "less is more" and he's made us believers. In keeping this austere, I am recommending a cut of two cents on the tax rate, to bring it to 56 cents.

We are the only municipality in Maryland that has held or cut the tax rate four years in a row. At 56 cents, residents of the City will be paying less for City services than for County services, billed at 56.1 cents on the property tax bill.

In concluding tonight, I'd like to mention one item in the budget I feel has enormous significance to who we are, and the value we place on community.

Most of you wouldn't notice the reference to restoring the Southgate fountain. Maybe you don't know the basin in the middle of the traffic pattern by the Post Office is a fountain, or that it has a name. But it is a neglected reminder of a covenant this community made to honor not just a citizen, but the guiding principles of his life.

While serving as rector at St. Anne's for thirty years in the tumultuous post-Civil War era, the Reverend Southgate's place in Annapolis transcended his clerical role. In serving his parish faithfully, he also sought to create a community that welcomed all, not only those who worshiped at St. Anne's.

He opened a mission on the corner of Prince George and East Street's in 1874 for lesser-privileged Annapolitans. He also possessed a strong commitment to the African American community of Annapolis. Under Southgate's guidance, by 1871, there were more teachers and scholars for black Sunday school than there were for white services. He also opened St. Philip's Chapel on Cornhill Street to further this mission.

Reverend Southgate was beloved for the spirit of compassion and genuine caring for every member of the community. His death on May 21, 1899 brought an outpouring of sympathy from every walk of life. Within days, plans were already underway to create a memorial for this remarkable man. The City Council quickly appointed a commission to erect the memorial fountain.

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Dedicated on May 1, 1901, the fountain was constructed through donations from five area churches, the Naval Academy band, town clergy, the bishop, public officials, and dozens of local citizens.

If you look at the picture taken that day, you will see the face of Annapolis as we like to think of it today - united in appreciation for the good works that make us a community.

At the ceremony, the dedication speakers declared that the memorial would be a lasting “public expression of belief in purity and serenity of life, in public spirit and good citizenship.”

At the time, representatives of the City vowed to maintain the fountain to keep fresh the memory of Southgate and remember the lessons of his “noble private character” and “unselfish, useful life.”

So this small item in the budget for the restoration of the fountain is in keeping with that promise, made more than one hundred years ago. But it is more than that. It is my hope this project will renew appreciation for the values expressed in this tribute. We should all be reminded that with all our diversity, we are one community. The Reverend Southgate lived by those principles, and they are just as relevant today.

So take a look at this picture and remember the caring community, united in appreciation for one who exemplified it. This is the Annapolis we strive to be.

Respectfully submitted

Ellen O. Moyer, Mayor

Changes from the FY 2006 Proposed to the FY 2006 Adopted Budget

The Mayor's State of the City Report is presented to the City Council and the Citizens of Annapolis as an accompaniment to the Mayor's Proposed Operating Budget and Capital Improvement Program. The State of the City Report highlights the Mayor's major initiatives and goals contained in the proposed budget for the upcoming year, focusing on the proposed property tax rate, organizational changes, and major capital projects. Once the Mayor's proposed budget has been presented to the City Council, the Council may then propose amendments to the Mayor's budget; these amendments are voted on during the City Council meeting at which the budget is adopted.

The Mayor's State of the City Report on the preceding seven pages includes projects and changes that the Mayor had incorporated into her proposed budget; some of these were modified, replaced, or eliminated by the City Council when the budget was adopted.

Changes from the proposed budget to the adopted budget are as follows:

<i>Adjustments to Revenues</i>	<i>From</i>	<i>To</i>	<i>Change</i>
Proposed FY 2006 Revenues			\$62,160,780

Increase Fines and Forfeitures - Speed enforcement program (red light cameras)	420,000	470,000	50,000
Adopted FY 2006 Revenues			\$62,210,780

<i>Adjustments to Expenditures</i>	<i>From</i>	<i>To</i>	<i>Change</i>
Proposed FY 2006 Expenditures			\$62,160,780

Increase Capital Outlay - Roadways	20,000	30,000	10,000
Increase Salaries - Planning and Zoning	891,440	905,440	14,000
Increase Contract Services - Law Enforcement	357,400	407,400	50,000
Decrease Rents and Leases - Law Enforcement	53,600	39,600	(14,000)
Decrease Capital Project - General Roadway Improvements (#466)	1,223,390	1,213,390	(10,000)
Adopted FY 2006 Expenditures			\$62,210,780

Budget Overview

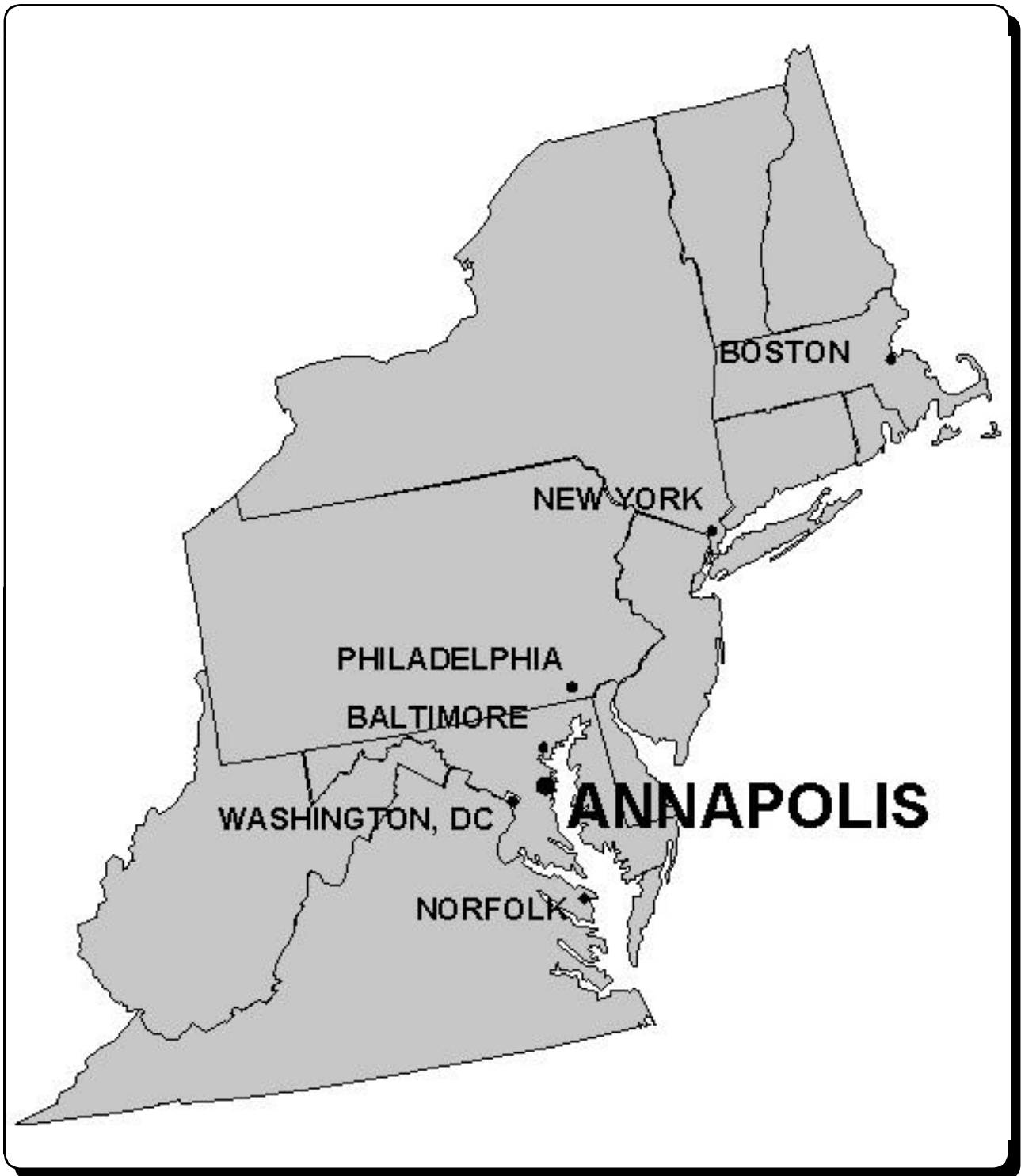
Operating Program:

- The adopted operating budget of \$62,210,780 is an increase over FY2005 of 8.1%. Increases in salaries make up 82% of this overall increase with 43% being the carryover result of City Council approved changes in FY2005.
- Continued rising property values along with newly occupied developments not only provided the main source of revenue for this increase, but also allowed for another two cent reduction in the City's property tax rate. This is the third year in a row that the rate has decreased and the seventh year in a row of no tax rate increase. The City's property tax rate for FY2006 will be \$.56 per \$100 of assessed value.
- Funding provides for a 3% cost of living salary increase and a continued sharing of 85% of the health benefits for employees.
- Increases the level of roadway improvement funding despite cuts in state aid in this area.
- Enhances Public Safety with increased partnership funds for community policing operations in the federally owned Annapolis Housing Authority properties, new fire equipment and paramedic unit, and a reduction in work hours for fire personnel.
- Continues to enhance domestic preparedness with training, communications, equipment, and facility additions and improvements.
- Provides for additional transportation shuttle services and parking enhancements to address parking and traffic concerns in the downtown area.

Capital Improvement Program:

- The approved FY2006 capital budget is \$21,989,670 and the six year capital improvement program is now estimated at \$96,453,620. Under this program the City continues to be aggressive in attracting new development and commercial revitalization while providing improvements for current citizens and businesses.
- With the improved national economy the much anticipated Park Place mixed use development of a hotel, two office buildings, performing arts center, and residential complex has started and the City has issued the TIF bonds for the parking structure.
- With \$2 million in support from the State a \$12.8 million renovation and expansion project for the police station and emergency operation center is under construction. Also with support from the State the design of a new Eastport Fire Station is underway.
- Location and concept plans for a new \$12 million Recreation Center are complete. Final decisions on program and interior design are being addressed and ground breaking anticipated within the year.
- Preliminary funding has been provided for a comprehensive plan for long-term consolidation of City services and offices.
- Additional major road improvement and utility projects have been included in the long range plan.

Regional Map



Community Profile

Annapolis is an incorporated municipal corporation of the State of Maryland (the "State"), possessing substantial home rule powers under the State constitution. First settled in 1649 by Puritans fleeing Virginia, the City was chartered in 1708 and served as the capital of the United States when the Congress met there in 1783-84. The City serves both as the capital of the State and as the county seat for Anne Arundel County; and acquired home rule in 1954. Annapolis is situated on the Western shore of the Chesapeake Bay, at the mouth of the Severn River, east of and midway between Baltimore and Washington, D.C. The City has been the home of St. John's College (founded as King William's School) since 1696 and the United States Naval Academy since 1845.

The City covers an area of seven and one-half square miles. Population in 1950 was 10,047, but growth as well as annexation caused that figure to double by 1960 and more than triple by 1980. According to the 2000 Census, the population is 35,838, exclusive of the Naval Academy population of approximately 5,500. The Naval Academy constitutes a Federal enclave within the City, but is not within the corporate limits of Annapolis.

The appearance of the City is dominated by the handsome buildings of the Naval Academy and the historic State House of Maryland. In addition, there are a number of contemporary State and County office buildings which have been designed in keeping with the prevailing Georgian architecture of the community. Because of the number of residential structures of significant historic and architectural value for which Annapolis is famous, private and public groups have joined together to retain or to recapture the historic atmosphere of the community in keeping with modern urban requirements. An application to the Department of Interior to enlarge the then existing Historic District as designated on the National Register of Historic Places was approved in 1984. The Annapolis Comprehensive Plan was adopted by City Council in May, 1998.

Annapolis is served by three major highways, U.S. Routes 50/301, Maryland Route 2 and Interstate 97, which connect with the Chesapeake Bay Bridge, immediately northeast of the City. The District of Columbia is 27 miles to the west and the City of Baltimore is 27 miles to the north.

The City is governed by a Mayor and a City Council. The City is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to incur certain other indebtedness.

The executive offices of the City are located at the Municipal Building, 160 Duke of Gloucester Street, Annapolis, Maryland 21401.

The legislative body of the City is the City Council, consisting of the Mayor as the presiding officer and eight Aldermen who together comprise the City Council. One Alderman is elected from each of the eight wards into which the City is divided and must be a resident of the ward. The Mayor is elected at large. The Aldermen and the Mayor serve a four-year term, commencing in December of the year following the presidential election. The City Council has six standing legislative committees: Economic Matters, Finance, Public Safety, Rules and Government, Environmental Matters, and Housing and Human Welfare. The Mayor and Aldermen have one vote each. A simple majority is sufficient to pass legislation.

The City has independent jurisdiction over streets, street lighting, refuse collection and disposal, police, parks, harbor, off-street parking, public transportation, fire suppression and emergency services, planning and zoning, public health, water production and distribution, and sewage collection. Primary and secondary education is provided by the Board of Education of Anne Arundel County.

Demographic and Statistical Profile

Community Profile:

Date of Incorporation 1708
Form of government Mayor and Council

Demographics:

Area in square miles

2005 7.50
2004 7.50
2003 7.50

Climate

Average summer temperature ($\pm 5^{\circ}$) 71.9
Average winter temperature ($\pm 5^{\circ}$) 46.2
Average annual precipitation (inches) 40.8
Average annual snowfall (inches) 20.5

Population

2005 35,660
2004 37,300
2003 36,930
2002 36,570
2001 36,200
2000 per U.S. Census 35,838
1999 35,000
1998 35,000
1997 35,000
1996 34,400
1995 34,400
1994 33,500
1993 33,500
1992 33,300

Median Age

2000 per U.S. Census 36.5

Age Composition (% in 2000)

Under 5 years 6.7
5 - 9 years 6.0

Age Composition (% in 2000), continued

10 - 14 years 5.6
15 - 19 years 5.9
20 - 24 years 6.9
25 - 34 years 17.7
35 - 44 years 15.7
45 - 54 years 14.3
55 - 59 years 5.3
60 - 64 years 4.0
65 - 74 years 6.3
75 - 84 years 4.4
85 + years 1.3

Household Income and Expenditures (per 2000 U.S. Census)

Median Household Income \$50,469
Per Capita \$28,643
% below Poverty Level 12%
Median Housing Value (owner-occupied) \$165,600
Median Mortgage Payment \$1,349
Median Gross Rent (renter-occupied) \$762

Households and Housing Units

Households 15,303
Housing Units 16,165
Tenure
Renter 7,398
Vacancy Rate 3.8%
Owner 7,905
Vacancy Rate 1.4%

Economics:

Employment by Industry (%)

Construction / Landscape 5
Utilities 2
Trade 17
Fire, Insurance, and Real Estate 5
Services 21
Government 50

Demographic and Statistical Profile

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<u>Taxes</u>		2002	920	\$42,532,887
		2001	836	\$57,536,150
Local Retail Sales Tax Rate	5%	2000	784	\$23,582,607
Personal Income Tax Rate	5%	1999	734	\$18,726,165
Corporate Excise and Income Tax	7%	1998	699	\$17,660,208
Franchise Taxes:		1997	738	\$18,868,634
Financial Institutions - based on % of		1996	697	\$19,624,695
MD modified taxable income	7%			
Public Utilities - based on % of				
gross receipts apportioned to MD	2%			
Unemployment Compensation Tax				
- base rate	7.1%			

Service Statistics:

Fire Protection (2005)

Stations	3
Career firefighters	98
Civilian personnel	5
Volunteer firefighters	60

2005 Property Tax Assessed Valuation

Primary	\$3,566,024,862
Secondary	\$164,650,500

Police Protection (2005)

Stations	1
Uniformed police officers	126
Civilian personnel	44
Police vehicles	100

Building Permits

Commercial

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2005	361	\$101,125,015
2004	390	\$87,819,105
2003	355	\$30,470,365
2002	306	\$13,727,071
2001	290	\$23,978,994
2000	312	\$30,391,663
1999	271	\$13,810,889
1998	253	\$13,961,720
1997	260	\$12,432,670
1996	220	\$9,265,897

Public Works (2005)

Water

Water mains in miles	128
Water treatment plants	1
Storage tanks	4
Water consumption (annually)	1,500 MG
Number of accounts	12,186

Sewer

Sewer lines and storm drains in miles	140
Sewer treatment plant (50% owned)	1
Sewer pumping stations	23
Sewage treated (annually)	1,900 MG
Number of accounts	11,190

Residential

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2005	1,025	\$76,137,639
2004	1,160	\$39,180,383
2003	1,113	\$42,498,578

Demographic and Statistical Profile

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Utility Rates

Gas (cents/therm)	
General service	
1st 10,000 therms	15.51
additional therms	7.65
Residential	17.86
Electric (cents/kwh)	
Summer	
General service	8.036
Residential	8.398
Non-Summer	
General service	5.449
Residential	
up to 500 kwh	7.311
over to 500 kwh	5.358

Recreation - City owned

Playgrounds and parks in acres	120
Baseball fields	5
Football fields	4
Basketball courts	11
Tennis courts	16
Playgrounds	20
Pools	1
Public Boat Ramps	12

Education - County provided

Elementary and secondary schools	9
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Education - County provided, continued

Elementary school enrollment	2,142
Middle school enrollment	1,102
High school enrollment	1,325
Colleges:	
U.S. Naval Academy enrollment	4,239
St. John's College enrollment	450
Anne Arundel Community College enrollment	14,421

Major Events

Maryland State Legislature	
in Session	January - April
Waterfront Festival	April - May
U.S. Naval Academy Commissioning	May
Wine Festival	June
Independence Day Fireworks	July
Maryland Seafood Festival	September
Anne Arundel County Fair	September
Maryland Renaissance	
Festival	September - October
U.S. Sailboat Show	October
U.S. Powerboat Show	October
Chesapeake Appreciation Days	October
Christmas Lights Parade	December
First Night Annapolis	December

The Budget Process Schedule

September

- Budget Summit with Mayor and City Council
- Goals and Objectives for the City are reviewed

November

- Finance prepares Preliminary Revenue Estimates
- Finance prepares Operating and Capital Budget Instructions

December

- Departments submit Enhancement Requests
- Citizen Budget Workshops held

January

- Departments submit Operating and Capital Budget Requests
- Departments Operating Budget and Enhancement Requests reviewed with Mayor

February/March

- Finance prepares Operating and Capital Budgets with Mayor
- Capital Improvement Plan is reviewed with the Planning Commission

April

- Mayor's Proposed Operating Budget submitted to Council by second Monday
- Budget Legislation to Council for First Reader
- Finance Committee holds Public Hearings on the Mayor's Proposed Operating and Capital Budgets with Department Directors
- Council Public Hearing held on Proposed Operating Budget and Constant Yield Tax Rate

May

- Finance Committee recommendations on the Mayor's Proposed Operating Budget to the Council by second Monday
- Council Adopts the Operating and Capital Budgets

July

- Fiscal Year begins on July 1

The Budget Development Process

- continued -

Budget Adoption:

The City Charter requires that the Mayor submit a proposed budget (for all funds except the Internal Service Fund, the Pension Trust Fund and the Special Revenue Fund) to the City Council no later than the second Monday in April of each year for the fiscal year commencing the following July 1st. The Finance Committee makes recommendations on the budget to the full City Council. The City Council conducts public hearings on the budget. No later than June 30th, the budget is legally enacted through passage of a budget ordinance which establishes spending authority by fund for the operations of the City. The level on which expenditures may not legally exceed appropriations is the fund level and budget revisions at the fund level require City Council approval.

Budget Revisions:

Procedure for Changes: Because there needs to be a document setting forth each request for a change to the budget, the Finance Office has devised what it calls a budget revision form. This form specifies which line-item budgets are being changed and by how much - and it provides an explanation of, and a justification for the transaction or circumstances that have necessitated the budget change(s). It also provides for the signature of the department director making the request and the signature of the Finance Director affirming the sufficiency of funds supporting the change.

Approval for Changes: Because it is the City Council that establishes the original operating and capital budgets, it is the City Council that must approve changes at the fund level. Members of the Council are appointed to the Finance Committee to do the business of hearing requests for budget changes, evaluating them, and making

recommendations to the Council with regard to them.

Budget Basis:

The budgets of general government type funds are prepared on a modified accrual basis. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for debt service which is recognized when due.

The Comprehensive Annual Financial Report (CAFR) is prepared on the basis of Generally Accepted Accounting Principles (GAAP). In most cases this conforms with the way the budget is prepared, with the following exceptions. In the General Fund, the budget basis differs from GAAP in that the budget basis reflects encumbrances as the equivalent of expenditures. GAAP reflects encumbrances only as reservations of fund balance. Also, under the budget basis, interfund transfers are considered the equivalent of revenues and expenditures of the affected funds. In addition, new capital leases are recorded as expenditures and other financing sources only on a GAAP basis. The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

The enterprise funds (Water, Sewer, Off Street Parking, Dock, Market, Transportation, Stormwater Management, and Refuse) are budgeted on a full accrual basis. This means that revenues are recognized when they are earned, i.e. water use fees are recognized as revenue when bills are produced, and expenditures are recognized when the liability is incurred.